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RUEKJCS/SECDEF WASHINGTON DC PRIORITY
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PLEASE PASS TO S/CRS FOR BRENDA HAZZARD, CHIEF OF EARLY WARNING.

E.O. 12958: DECL: 06/18/2016

TAGS: <u>PINS PGOV PTER EAID PREL KDEM KCRS YM</u> SUBJECT: EMBASSY SANAA COMMENTS ON NIC WATCHLIST

REF: SECSTATE 94560

Classified By: DCM Nabeel Khoury for reasons 1.4 (b) and (d).

- 11. (U) Post recommends the following changes to the suggested test for Yemen in the NIC watchlist of internal instability:
- 12. (S) "Yemen's risk of significant internal instability over the past six months has slightly decreased due to a successful ceasefire with insurgents in the north, President Saleh's improved health, and a public commitment by the ROYG to combat corruption and implement reforms. Other destabilizing factors, including a relatively weak central government, a struggling economy, and strongly decentralizing tribal influence on the populace, remain constant. Sanaa's counterterrorism initiatives and alliance with the United States counter destabilizing activity by unruly tribes and Islamic extremists. Despite the arrests of several important terrorism supporters, counterterrorism cooperation with Washington has been inconsistent in some areas. The escape of 23 al-Qa'ida operatives from a government prison in February highlights corruption and gross negligence in Yemen's intelligence security services. Saleh historically has responded to internal pressure by releasing rehabilitated extremists from custody and reportedly seeking truces with extremist leaders.
- 13. (S) "Any number of shocks could trigger wide-scale unrest, including further reductions in fuel subsidies, devaluation of the local currency, or serious insurgent attacks in urban centers. If Saleh dies suddenly or is incapacitated, there is a good chance Yemen could fall into disarray, as any successor will be severely challenged in holding together political, military, regional, and tribal factions while maintaining Yemen's fragile economy. There is significant potential for violence in the 2006 elections if the opposition chooses to oppose Saleh's candidacy, or if there is widespread fraud at the local level. Any significant challenge to Saleh's rule, whether from death, popular revolt, or political opposition, would trigger a succession crisis."

 Krajeski